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The Conference Board

Economic and Business Environment Program

MONTHLY UPDATE TO

International Economic Scoreboard

A Monthly Report from The Conference Board — February 1988

WEAKNESS IN LEADERS CASTS SHADOW OVER FURTHER EXPANSION IN EUROPE AND NORTH AMERICA
—Pacific Countries Still Strong

SUMMARY

Worldwide, the business cycle continues to expand, but how much longer this will go on is highly uncertain. The leading indicators have weakened noticeably since September. Although the weakness is not solely in stock prices, it is heavily weighted there.

Regionally, the recent pattern of distinctly more ebullience in the Pacific area and more softness in Europe continues through the latest data.

Nationally, the latest growth rates for South Korea—16 percent for the performance index and 15 percent for the leaders—are again impressively strong. The growth of Japan's leading index—at a 27 percent rate—is even more phenomenal, but Japan's performance index is advancing at a sturdy-but-not-spectacular rate of 6 percent.

Interpretation: In Europe and North America, the weakness in the leaders is now pervasive enough to raise serious questions about the continued viability of the cyclical expansion. The fact that most of the weakness comes from stock prices, however, may be an ameliorating point, since it leaves open the possibility that the crash in stock prices is not in this instance as closely tied to economic prospects as usual. That leaves the outlook unclear, but for now, an indecisive interpretation is all that can be justified.

Summary Of Growth Rates, Ten Industrial Countries

	Ten-year Growth Rate	Indexes of Economic Performance Growth Rates*			Leading Business Cycle Indexes Growth Rates*			Current Reading on the Cycle	Latest Month Covered
	1976-86	6 mos. ago	3 mos. ago	Latest month	6 mos. ago	3 mos. ago	Latest month		
	annual rates, percent								
Ten countries	3	3	4	5	12	15	7	Expansion continuing	Nov.
9 countries excl. U.S.	3	3	4	5	15	18	10	Expansion continuing, leaders strong	Nov.
North America (2)	3	3	4	4	7	9	4	Expansion continuing	Nov.
Europe (4)	2	3	4	4	5	5	0	Expansion continuing, leaders weak	Nov.
Pacific Region (4)	4	2	4	6	33	41	24	Expansion continuing, leaders strong	Nov.
United States	3	3	4	5	10	10	3	Expansion continuing	Dec.
Canada	3	5	6	6	5	5	1	Expansion continuing, leaders stalling	Nov.
West Germany	2	2	3	3	3	6	0	Expansion continuing, leaders weak	Nov.
France	2	4	5	5	7	7	-1	Expansion continuing, leaders weak	Nov./Dec.
United Kingdom	2	4	7	7	5	5	0	Expansion continuing, leaders weak	Nov.
Italy	2	2	1	3	3	1	-1	Expansion continuing, leaders weak	Oct./Nov.
Japan	4	1	4	6	38	48	27	Expansion continuing, leaders strong	Nov.
Australia	3	5	7	10	12	13	2	Expansion continuing, leaders stalling	Dec./Nov.
Taiwan, R.O.C.	8	11	12	7	15	20	13	Expansion continuing, leaders strong	Dec.
Korea, R.O.K.	7	11	7	16	12	3	15	Expansion continuing, leaders strong	Nov.

* Ratio of current month's index to average index over the preceding 12 months, expressed as a compound annual rate.

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INDEXES, WORLDWIDE AND BY REGION, 1986-87

		10 Countries		9 Countries excl. U.S.		North America (2)		Europe (4)		Pacific Region (4)	
		Indexes, 1980 = 100									
		Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.
May	86	113	117	114	115	113	120	107	113	125	119
June	86	114	118	114	115	113	121	107	113	125	119
July	86	114	118	114	115	113	122	108	113	125	119
Aug.	86	114	118	115	115	113	122	108	113	125	119
Sept.	86	114	119	115	116	114	122	108	113	126	122
Oct.	86	114	119	115	117	114	122	108	114	126	124
Nov.	86	115	119	116	118	114	121	109	114	126	126
Dec.	86	115	121	116	119	115	124	109	114	127	128
Jan.	87	115	122	116	120	114	124	109	114	128	130
Feb.	87	116	124	116	121	116	127	109	116	128	131
Mar.	87	116	125	117	123	116	128	109	116	128	136
Apr.	87	116	128	117	126	116	129	110	117	128	142
May	87	116	128	117	128	116	128	110	117	128	147
June	87	117	131	118	131	116	130	111	118	129	154
July	87	118	132	119	132	117	131	111	118	131	157
Aug.	87	118	134	119	134	118	132	112	118	131	162
Sept.	87	119	134	120	135	118	133	112	119	132	164
Oct.	87	120	134	120	135	119	131	112	118	133	165
Nov.	87	120	133	121	133	119	131	113	117	134	163

10 Countries		9 Countries excl. U.S.		North America (2)		Europe (4)		Pacific Region (3)	
Growth Rates, Percent									
Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.
3	3	3	4	3	3	4	4	3	5
3	4	4	4	2	3	4	3	4	5
3	4	4	3	3	4	4	3	3	5
3	3	3	3	2	3	4	2	3	4
3	4	4	5	2	4	4	3	4	8
3	4	3	5	2	3	4	3	4	10
3	4	3	6	2	1	3	3	3	12
3	6	3	7	3	4	3	3	4	15
3	7	3	8	2	5	2	3	5	16
3	8	3	8	3	8	3	4	4	16
3	10	3	11	3	9	2	5	4	22
3	12	3	14	3	9	3	5	3	29
3	12	3	15	3	7	3	5	2	33
3	15	4	18	3	10	3	5	4	39
4	14	4	18	4	9	4	5	5	38
4	15	4	18	4	9	4	5	4	41
5	14	5	17	4	9	4	5	6	37
5	11	5	15	5	6	4	4	6	33
5	7	5	10	4	4	4	0	6	24
Ten Year Annual Growth Rate, Percent									
3	3	3	3	3	3	2	2	4	4

INDEXES, TEN COUNTRIES, 1986-87

		U.S.		Canada		West Germany		France		U.K.		Italy		Japan		Australia		Taiwan, R.O.C.		Korea, R.O.K.	
		Indexes, 1980 = 100																			
		Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.
May	86	112	121	117	115	106	112	111	114	104	111	107	115	123	116	119	114	145	157	160	160
June	86	112	122	117	115	107	112	111	114	104	111	106	114	123	116	121	115	146	159	162	162
July	86	113	122	117	116	108	111	112	115	104	112	107	114	123	116	118	114	149	160	164	166
Aug.	86	113	122	117	116	108	111	112	115	104	112	106	114	123	116	119	115	150	162	167	168
Sept.	86	113	123	118	116	108	111	112	116	105	113	107	115	124	118	119	117	152	163	167	169
Oct.	86	113	123	117	116	108	111	112	116	105	113	107	116	124	121	119	118	154	165	168	169
Nov.	86	114	121	117	116	108	112	113	115	106	113	107	116	124	123	120	119	156	168	169	170
Dec.	86	114	124	118	116	108	112	113	117	106	113	107	116	125	125	120	121	158	169	170	172
Jan.	87	114	125	118	117	108	113	113	117	106	114	107	115	126	128	119	121	158	169	174	172
Feb.	87	115	128	119	118	108	114	113	117	107	115	107	116	126	128	121	123	162	174	177	181
Mar.	87	115	128	120	119	108	114	114	118	107	116	107	117	126	134	120	124	160	174	180	179
Apr.	87	115	129	121	120	110	115	114	121	108	115	106	118	125	141	121	126	163	180	179	182
May	87	115	129	121	120	109	114	115	121	108	116	108	117	125	147	122	127	163	181	180	182
June	87	116	131	122	120	110	116	116	121	109	116	107	118	126	154	123	128	165	182	182	186
July	87	117	132	122	121	110	116	116	121	110	117	107	118	128	158	124	129	168	183	183	187
Aug.	87	117	133	123	121	111	117	116	121	111	117	106	117	128	164	124	130	170	187	181	179
Sept.	87	117	134	124	123	110	116	117	123	111	118	108	118	129	166	126	131	171	192	190	194
Oct.	87	118	132	124	120	110	116	118	121	112	119	109	118	130	167	125	129	171	194	189	196
Nov.	87	118	132	125	120	111	114	118	120	112	116		116	130	165	124	127	171	192	194	196
Dec.	87	119	132						119							129		171	194		
		Growth Rates, Percent																			
May	86	3	3	4	2	4	2	4	6	3	0	4	10	2	5	4	–1	9	12	16	18
June	86	2	4	3	1	6	1	4	5	3	1	2	7	2	5	6	1	9	13	16	20
July	86	3	4	2	2	6	0	4	6	3	2	3	6	2	4	0	0	12	13	17	22
Aug.	86	2	3	2	2	5	0	4	5	3	1	1	4	2	3	1	0	12	13	19	20
Sept.	86	3	4	2	2	5	0	4	6	3	3	2	5	3	7	1	4	13	12	15	18
Oct.	86	2	3	2	2	4	0	4	6	4	2	2	5	3	10	1	7	13	12	14	16
Nov.	86	2	1	1	1	4	1	3	4	4	2	2	4	2	13	1	8	13	14	13	14
Dec.	86	3	4	2	2	3	2	4	6	4	3	2	4	3	15	1	11	14	13	12	14
Jan.	87	2	5	2	3	2	2	3	5	3	3	2	2	4	18	0	10	13	12	15	11
Feb.	87	3	8	3	4	2	5	3	5	4	5	1	3	3	16	2	11	15	15	16	19
Mar.	87	3	9	4	5	2	4	3	6	4	6	1	3	3	24	1	12	11	13	16	14
Apr.	87	3	9	5	6	3	5	4	8	5	4	2	5	2	32	2	12	13	18	13	15
May	87	3	8	5	5	2	3	4	7	4	5	2	3	1	38	3	12	11	17	11	12
June	87	3	10	6	5	3	5	5	7	5	4	0	4	3	45	5	12	11	15	12	15
July	87	4	9	5	5	3	6	5	6	6	5	1	4	4	44	7	12	12	14	11	14
Aug.	87	4	10	6	5	3	6	5	5	7	5	–2	1	4	48	6	13	13	16	7	3
Sept.	87	4	10	6	7	3	4	5	7	6	5	1	3	5	42	7	11	12	20	15	19
Oct.	87	5	6	6	2	2	3	6	3	7	6	3	2	6	37	5	7	10	18	12	17
Nov.	87	4	4	6	1	3	0	5	1	7	0		–1	6	27	3	2	8	13	16	15
Dec.	87	5	3						–1							10		7	13		
		Ten Year Annual Growth Rate, Percent																			
1976-86		3	3	3	3	2	2	2	2	2	2	2	2	4	4	3	3	8	8	7	7